

## SETTLEMENT AGREEMENT

### I. PARTIES

This Settlement Agreement (Agreement) is entered into as of <sup>April 10</sup>~~March~~ \_\_, 2006 between the United States of America, acting through the United States Department of Justice and the United States Attorney's Office for the Eastern District of Pennsylvania, (collectively the "United States"); and UHS of Delaware, Inc. (UHS) (hereafter referred to as "the Parties"), through their authorized representatives.

### II. PREAMBLE

As a preamble to this Agreement, the Parties agree to the following:

A. UHS is a healthcare provider with headquarters in King of Prussia, PA. It manages many acute care hospitals, ambulatory surgical and radiation centers and behavioral health centers. UHS manages Turning Point Care Center (Turning Point), located in Moultrie, Georgia. Turning Point is Medicare certified and provides behavioral health and chemical dependency services. It specializes in treatment of dually diagnosed patients (alcohol/chemical dependency and psychiatric). UHS files Medicare Cost Reports on behalf of Turning Point.

B. The United States contends that UHS submitted or caused to be submitted claims for payment to the Medicare Program (Medicare), Title XVIII of the Social Security Act, 42 U.S.C. §§ 1395-1395ggg, for services rendered at Turning Point through submission of cost reports to its Medicare Part A Fiscal Intermediary, Mutual of Omaha Insurance Company.

C. The cost report process worked as follows: UHS/Turning Point submitted claims for reimbursement to its Fiscal Intermediary throughout its fiscal year. It received periodic

interim payments throughout the year. Within several months after the close of its fiscal year, it submitted a cost report reconciling the Medicare payments it received with the Part A services it provided. The Fiscal Intermediary reviewed the cost report and reconciled the periodic interim payments made to UHS/Turning Point against the total amount allowable and calculated whether UHS/Turning Point must return funds or was entitled to additional payment for the fiscal year.

D. The United States contends that it has certain civil claims, as specified in Paragraph 2 below, against UHS for engaging in the following conduct: UHS included on Turning Point's Medicare Cost Reports for fiscal years 1997, 1998 and 1999 non-reimbursable costs for patient transportation, self administered drugs, non-certified outpatient clinics, and the costs, allocated on the basis of square feet, of providing free room and board to Partial Hospitalization Program patients (hereinafter referred to as the "Covered Conduct"). When the direct and indirect costs associated with these non-reimbursable costs are removed from the 1997, 1998 and 1999 cost reports, the cost report overpayments to UHS total \$1,497,036.

E. This Agreement is neither an admission of liability by UHS nor a concession by the United States that its claims are not well founded.

F. To avoid the delay, uncertainty, inconvenience, and expense of protracted litigation of the above claims, the Parties reach a full and final settlement pursuant to the Terms and Conditions below.

### III. TERMS AND CONDITIONS

1. UHS agrees to pay to the United States \$1,497,036 (the "Settlement Amount"). UHS agrees to pay the Settlement Amount by electronic funds transfer pursuant to written instructions to be provided by the United States Attorney's Office for the Eastern District

of Pennsylvania. UHS agrees to make this electronic funds transfer no later than 30 days from the effective date of this Agreement.

2. Subject to the exceptions in Paragraph 3 below, in consideration of the obligations of UHS set forth in this Agreement, conditioned upon UHS's full payment of the Settlement Amount, the United States (on behalf of itself, its officers, agents, agencies, and departments) agrees to release UHS from any civil monetary claim the United States has or may have under the common law theories of payment by mistake, unjust enrichment, and breach of contract, for the Covered Conduct.

3. Notwithstanding any term of this Agreement, specifically reserved and excluded from the scope and terms of this Agreement as to any entity or person (including UHS) are the following:

- a. Any civil, criminal or administrative liability arising under Title 26, U.S. Code (Internal Revenue Code) (Nothing in this Agreement constitutes an agreement by the United States concerning the characterization of the Settlement Amount for purposes of the Internal Revenue laws);
- b. Any criminal liability;
- c. Except as explicitly stated in this Agreement, any administrative liability, including mandatory exclusion from the Medicare, Medicaid, or any other Federal health care programs (as defined in 42 U.S.C. § 1320a-7b(f)) pursuant to 42 U.S.C. § 1320a-7(a), and permissive exclusion from the Medicare, Medicaid, or any other Federal health care programs under 42 U.S.C. § 1320a-7a (Civil Monetary Penalties Law), or 42 U.S.C. § 1320a-7(b)(7) (permissive exclusion for fraud, kickbacks, and other prohibited activities);

d. Any liability to the United States (or its agencies) for any conduct other than the Covered Conduct;

e. Any liability based upon such obligations as are created by this Agreement;

f. Any liability for express or implied warranty claims or other claims for defective or deficient products or services, including quality of goods and services;

g. Any liability for failure to deliver goods or services due;

4. UHS fully and finally releases the United States, its agencies, employees, servants, and agents from any claims (including attorney's fees, costs, and expenses of every kind and however denominated) which UHS has asserted, could have asserted, or may assert in the future against the United States, its agencies, employees, servants, and agents, related to the Covered Conduct and the United States' investigation thereof.

5. The Settlement Amount will not be decreased as a result of the denial of claims for payment now being withheld from payment by any Medicare carrier or intermediary or any State payer, related to the Covered Conduct; and UHS agrees not to resubmit to any Medicare carrier or intermediary or any State payer any previously denied claims related to the Covered Conduct, and agrees not to appeal any such denials of claims.

6. UHS agrees to the following:

(a) Unallowable Costs Defined: that all costs (as defined in the Federal Acquisition Regulations (FAR) § 31.205-47 and in Titles XVIII and XIX of the Social Security Act, 42 U.S.C. §§ 1395-1395ggg and 1396-1396v, and the regulations and official program directives promulgated thereunder) incurred by or on behalf of UHS, its present or former officers,

directors, employees, shareholders, and agents in connection with the following shall be

"unallowable costs":

(1) the matters covered by this Agreement,

(2) the United States' audit(s) and civil investigation(s) of the matters covered by this Agreement,

(3) UHS's investigation, defense, and corrective actions undertaken in response to the United States' audit(s) and civil investigation(s) in connection with the matters covered by this Agreement (including attorney's fees),

(4) the negotiation and performance of this Agreement, and

(5) the payment UHS makes to the United States pursuant to this Agreement, including any costs and attorneys fees, are unallowable costs on Government contracts and under the Medicare Program, Medicaid Program, TRICARE Program, and Federal Employees Health Benefits Program (FEHBP).

(b) Future Treatment of Unallowable Costs: These unallowable costs will be separately determined and accounted for in non-reimbursable cost centers by UHS, and UHS will not charge such unallowable costs directly or indirectly to any contracts with the United States or any State Medicaid Program, or seek payment for such unallowable costs through any cost report, cost statement, information statement, or payment request submitted by UHS or any of its subsidiaries to the Medicare, Medicaid, TRICARE, or FEHBP Programs.

© Treatment of Unallowable Costs Previously Submitted for Payment: UHS further agrees that within 90 days of the effective date of this Agreement it will identify to applicable Medicare and TRICARE fiscal intermediaries, carriers, and/or contractors, and Medicaid, VA and FEHBP fiscal agents, any unallowable costs (as defined in this Paragraph) included in

payments previously sought from the United States, or any State Medicaid Program, including, but not limited to, payments sought in any cost reports, cost statements, information reports, or payment requests already submitted by UHS or any of its subsidiaries or affiliates, and will request, and agree, that such cost reports, cost statements, information reports, or payment requests, even if already settled, be adjusted to account for the effect of the inclusion of the unallowable costs. UHS agrees that the United States, at a minimum, will be entitled to recoup from UHS any overpayment plus applicable interest and penalties as a result of the inclusion of such unallowable costs on previously-submitted cost reports, information reports, cost statements, or requests for payment.

Any payments due after the adjustments have been made shall be paid to the United States pursuant to the direction of the Department of Justice, and/or the affected agencies. The United States reserves its rights to disagree with any calculations submitted by UHS or any of its subsidiaries on the effect of inclusion of unallowable costs (as defined in this Paragraph) on UHS or any of its subsidiaries' cost reports, cost statements, or information reports. Nothing in this Agreement shall constitute a waiver of the rights of the United States to examine or reexamine the unallowable costs described in this Paragraph.

7. This Agreement is intended to be for the benefit of the Parties only. The Parties do not release any claims against any other person or entity, except to the extent provided for in Paragraph 8 below.

8. UHS agrees that it waives and will not seek payment for any of the health care billings covered by this Agreement from any health care beneficiaries or their parents, sponsors, legally responsible individuals, or third party payors based upon the claims defined as Covered Conduct.

9. UHS warrants that it has reviewed its financial situation and that it currently is solvent within the meaning of 11 U.S.C. §§ 547(b)(3) and 548(a)(1)(B)(ii)(I), and will remain solvent following its payment to the United States of the Settlement Amount. Further, the Parties warrant that, in evaluating whether to execute this Agreement, they (a) have intended that the mutual promises, covenants, and obligations set forth constitute a contemporaneous exchange for new value given to UHS, within the meaning of 11 U.S.C. § 547(c)(1); and (b) conclude that these mutual promises, covenants, and obligations do, in fact, constitute such a contemporaneous exchange. Further, the Parties warrant that the mutual promises, covenants, and obligations set forth herein are intended and do, in fact, represent a reasonably equivalent exchange of value which is not intended to hinder, delay, or defraud any entity to which UHS was or became indebted, on or after the date of this transfer, all within the meaning of 11 U.S.C. § 548(a)(1).

10. Each Party to this Agreement will bear its own legal and other costs incurred in connection with this matter, including the preparation and performance of this Agreement.

11. UHS represents that this Agreement is freely and voluntarily entered into without any degree of duress or compulsion whatsoever.

12. This Agreement is governed by the laws of the United States. The Parties agree that the exclusive jurisdiction and venue for any dispute arising between and among the Parties under this Agreement will be the United States District Court for the Eastern District of Pennsylvania.

13. This Agreement constitutes the complete agreement between the Parties. This Agreement may not be amended except by written consent of the Parties.

14. The individuals signing this Agreement on behalf of UHS represent and warrant that they are authorized by UHS to execute this Agreement. The United States

signatories represent that they are signing this Agreement in their official capacities and that they are authorized to execute this Agreement.

15. This Agreement may be executed in counterparts, each of which constitutes an original and all of which constitute one and the same agreement.

16. This Agreement is binding on UHS's successors, transferees, heirs, and assigns.


17. All parties consent to the United States' disclosure of this Agreement, and information about this Agreement, to the public.

18. This Agreement is effective on the date of signature of the last signatory to the Agreement. Facsimiles of signatures shall constitute acceptable, binding signatures for purposes of this Settlement Agreement.

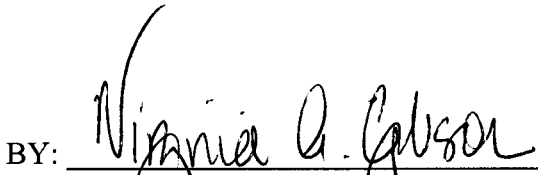


THE UNITED STATES OF AMERICA

DATED: 4-10-06

BY:   
PATRICK L. MEEHAN  
United States Attorney

DATED: 4-10-06


BY:   
VIRGINIA A. GIBSON  
Assistant United States Attorney  
Chief, Civil Division

DATED: 4-10-06.

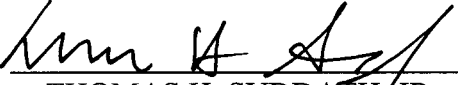
BY:   
MARGARET L. HUTCHINSON  
Assistant United States Attorney

UHS of Delaware, Inc.

DATED: \_\_\_\_\_

BY:   
\_\_\_\_\_  
BRUCE GILBERT  
Secretary, UHS of Delaware, Inc.

DATED: 3/8/06

BY:   
\_\_\_\_\_  
THOMAS H. SUDDATH, JR.  
Counsel for UHS of Delaware, Inc